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Title: Need to consider the amount of compensation paid by Maharashtra Government to the Municipal Corporations while calculating compensation to be paid under Goods and Services Tax.

SHRIMATI SUPRIYA SULE (BARAMATI): Under the Goods and Service Tax (GST) regime, the Central Government will compensate the States for five years for any loss in tax revenue incurred because of the introduction of the Goods and Service Tax (GST). According to the draft Compensation Act, the compensation to the states will be calculated considering the revenue collected by the State in 2015-16 as the base year revenue. State Government of Maharashtra has abolished the local body tax payable by importers having turnover of less than Rs. 50 crore per annum with effect from 1 August 2015. This local body tax was collected by the municipal corporations prior to the changes in local body tax provisions. To compensate the local bodies for their loss in tax revenue, the State Government of Maharashtra issued a grant of Rs. 3,290 crore to local bodies.The local bodies would have collected Rs.3, 290 crore as tax revenue had the Local body tax not been abolished. Thus I urge the Central Government to consider Rs. 3,290 crore grants given by the State Government as part of the base year revenue of 2015-16, while calculating compensation under GST.